

HOUSE BILL NO. 12

INTRODUCED BY D. HAINES

BY REQUEST OF THE DEPARTMENT OF ENVIRONMENTAL QUALITY AND THE OFFICE OF BUDGET
AND PROGRAM PLANNING

A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS TO FUND THE STATE BUILDING ENERGY CONSERVATION PROGRAM; APPROVING ENERGY CONSERVATION PROJECTS FOR FISCAL YEARS 2002 AND 2003; APPROPRIATING BOND PROCEEDS TO THE DEPARTMENT OF ENVIRONMENTAL QUALITY; PLEDGING THE CREDIT OF THE STATE OF MONTANA TO SECURE THE BONDS TO BE ISSUED; REAPPROPRIATING STRIPPER-WELL PAYMENTS CONTAINED IN THE FEDERAL SPECIAL REVENUE FUND; REVISING THE PROCEDURE FOR IDENTIFYING BUILDINGS THAT HAVE A POTENTIAL FOR ENERGY SAVINGS; AMENDING SECTIONS 90-4-605 AND 90-4-606, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 90-4-605, MCA, is amended to read:

"90-4-605. Preparation of energy conservation program. (1) The department shall work with state agencies to identify buildings that have a potential for energy savings, based on age, energy use, function, and condition of the building.

(2) Based on the criteria in subsection (1) and on the feasibility of leveraging other funds, such as federal and utility energy conservation program money, the department shall select certain facilities for indepth energy analyses to identify the technical and financial feasibility of making energy conservation improvements to the facilities.

~~(3) During the energy analyses, the department shall consult with the utilities that serve the selected facilities to discuss potential impacts on the utilities and their customers of making energy conservation improvements to these facilities.~~

~~(4)(3) Upon completion of the energy analyses, the department shall submit to the governor its findings and a list of projects recommended for funding under the energy conservation program. The department shall identify estimated costs and savings to the state based on these analyses. If the~~

1 estimated savings are determined to be greater than the bond payment costs for a particular project, the
2 department shall notify the department of administration. Upon receipt of the notification, the department
3 of administration shall implement a design and construction project using bond proceeds for the costs of
4 the project.

5 ~~(5)~~(4) The department shall compile a report that must include the following:

6 (a) a listing of contacts between the department and other state agencies;

7 (b) a summary of the department's review of agency requests and a selection of projects for
8 indepth analysis;

9 (c) a summary of the energy analyses conducted by the department, including the estimated cost
10 of each proposed project and the estimated energy cost savings of each proposed project; and

11 ~~(d) a description of measures taken by the department to address the issues that were raised in~~
12 ~~the consultation with the affected utilities; and~~

13 ~~—— (e) if a fuel switching measure is proposed, an analysis of the costs to the affected utility and its~~
14 ~~customers and of the benefits to the state~~ listing of additional projects under consideration, for which
15 energy analyses have not been conducted.

16 ~~(6) If a fuel switching measure is proposed, the department shall demonstrate through the analysis~~
17 ~~required by subsection (5)(e) that the benefits to the state exceed the costs to the utility and its~~
18 ~~customers.~~

19 ~~(7)~~(5) The department shall submit the report required by subsection ~~(5)~~ (4) to the governor before
20 September 1 of each even-numbered year."

21

22 **Section 2.** Section 90-4-606, MCA, is amended to read:

23 **"90-4-606. Program report and recommendations.** The governor shall submit the projects
24 ~~proposed projects~~ to be funded by the energy conservation program for the next biennium as a part of the
25 budget required by 17-7-123. The governor shall make available, as provided by 17-7-124:

26 (1) the report prepared by the department; and

27 ~~(2) a description of the improvements to be financed;~~

28 ~~—— (3) the estimated cost of each project and the total cost of the program; and~~

29 ~~(4)~~(2) the proposed method of financing the improvement. If energy conservation program bonds
30 are proposed to be issued to finance the program improvements, the governor shall include within the

1 report a written statement by the department that the estimated annual energy savings to be derived from
2 the installation of the energy saving equipment or improvements, upon completion, are expected to equal
3 or exceed the annual debt service to be paid on the energy conservation program bonds proposed to be
4 issued to fund the costs of ~~such~~ the equipment or improvements."

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6 **NEW SECTION. Section 3. Stripper-well payments -- reappropriation -- definition -- priority.** (1)

7 There is reappropriated from the stripper-well payments contained in the federal special revenue fund to
8 the department of environmental quality \$100,000 to fulfill the duties imposed by 90-4-605 and 90-4-607.
9 The original appropriation was contained in section 9, Chapter 597, Laws of 1989. The reappropriation
10 is a biennial appropriation.

11 (2) (a) "Stripper-well payments" means the oil overcharge payments made to the United States
12 treasury for distribution to the state of Montana as the result of the final settlement agreement in Cause
13 No. M.D.L. 378, United States district court for the district of Kansas, and any interest accrued on the
14 payments.

15 (b) Stripper-well payments do not include payments that have been expended or legally obligated
16 or that have been incorporated into any of the existing federal energy programs as the result of prior
17 appropriations by the legislature.

18 (3) The stripper-well payments reappropriated in this section have a higher priority than any other
19 appropriation of stripper-well payments by the legislature for fiscal years 2002 and 2003.

20

21 **NEW SECTION. Section 4. Appropriation of bond proceeds.** There is appropriated from bond
22 proceeds authorized by Chapter 571, Laws of 1991, Chapter 350, Laws of 1993, Chapter 61, Laws of
23 1995, Chapter 81, Laws of 1997, Chapter 50, Laws of 1999, and [section 6], \$450,000 to the
24 department of environmental quality to fulfill its duties under 90-4-605 and 90-4-607. This appropriation
25 is a biennial appropriation.

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27 **NEW SECTION. Section 5. Approval of energy conservation projects -- definition.** (1) Pursuant
28 to Title 90, chapter 4, part 6, the legislature approves for fiscal years 2002 and 2003 the energy
29 conservation projects listed in the report to the governor as required in 90-4-605 and presented to the
30 legislature as required in 90-4-606.

(2) In addition to the energy conservation projects referred to in subsection (1), the department of environmental quality may expend funds appropriated under [section 6] to respond to energy saving opportunities. Energy saving opportunities include coordination of energy improvement projects with the long-range building program capital improvement projects.

(3) For purposes of this section, an "energy saving opportunity" means an opportunity to improve energy use that will provide significant energy and cost savings to the state and that will be technically infeasible or uneconomical if the department of environmental quality is delayed in providing the necessary funds until specific legislative approval can be obtained.

(4) If the costs of the projects authorized in subsections (1) and (2) are substantially below the bond amount authorized in [section 6], the department of environmental quality may fund projects that would be proposed as part of the state building energy conservation package for fiscal years 2004 and 2005.

NEW SECTION. Section 6. Bond authorization -- appropriation of bond proceeds. (1) The board of examiners may, pursuant to 90-4-611, issue and sell bonds of the state in an aggregate principal amount not to exceed \$3 million for fiscal years 2002 and 2003 for the projects approved in [section 5] and to fulfill the duties imposed by 90-4-605 and 90-4-607, as provided in [section 4]. The bonds are general obligations for which the full faith and credit and taxing powers of the state are pledged for payment of the principal and interest on the bonds. The bonds must be issued as provided by Title 17, chapter 5, part 8.

(2) The proceeds of the bonds, other than any premiums and accrued interest received, must be deposited in the energy conservation program account established by 90-4-612. Premiums and accrued interest must be deposited in the debt service fund established in 17-2-102. Proceeds of bonds deposited in the energy conservation program account may be used to pay the costs of issuing the bonds, to fulfill the duties imposed by 90-4-605 and 90-4-607, and to fund the projects approved in [section 5]. For the purposes of 17-5-803 and 17-5-804, the energy conservation program account constitutes a capital projects account. The bond proceeds must be available to the department of environmental quality and may be used for the purposes authorized in this section without further budgetary authorization.

NEW SECTION. Section 7. Requirement for approval of state debt. Because [section 6] authorizes

1 the creation of state debt, Article VIII, section 8, of the Montana constitution requires a vote of two-thirds
2 of the members of each house of the legislature for enactment of [section 6].

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4 NEW SECTION. **Section 8. Effective date.** [This act] is effective July 1, 2001.

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